




STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES

April 6, 2009

TO: ADSA Staff and Stakeholders

FROM: Kathy Leitch, Assistant Secretary 
Aging and Disability Services Administration (ADSA)

SUBJECT: Update on ADSA Budgets

Both the House and Senate released their budgets last week. Earlier, I had sent an email to all of you providing an update in advance of those releases. This communication is to follow-up on my commitment to keep you informed about budgetary impacts as quickly as possible.

Since the Governor's budget was released in December, ADSA has emphasized four principles that have been the basis of much of the success of Washington's service network over the years, and I believe should provide as much guidance during lean times as during times of growth. The principles are:

- (1) Prioritizing support for the most vulnerable.
- (2) Supporting what individuals and their families can do for themselves.
- (3) Prioritizing a consumer-driven system and keeping individuals in a home or community-based environment for as long as possible.
- (4) Providing supports based on individual need.

ADSA budget staff is still reviewing the details of the House and Senate budgets. There are questions about how some budget items could be carried out and their impact on clients and employees.

Overall, it appears legislators attempted to continue to offer home and community-based services to clients by funding growth in Medicaid programs that are forecasted by the Caseload Forecast Council. However, I am concerned we may face more difficult revenue forecasts before the economy rebounds.

All three budgets are within one percent of each other in total spending on ADSA services. The Senate budget appropriates about \$59 million more than the Governor and the House spends \$274,000 less. The Senate and House offset the costs with about \$260 million in additional federal Medicaid matching money. Within a similarly sized pie, each legislative budget makes different adjustments. A detailed list has been compiled by ADSA of House and Senate 2009-11 budget proposals (see attached). However, I have highlighted some of them below:



- The House and Senate do not postpone the training and certification requirements for long-term care workers that were specified in Initiative 1029. In the legislative proposals it appears that enhanced training requirements may have to be paid by agencies, facilities, and/or workers. As you will recall, the Governor recommended a two-year postponement and did not include funding for Initiative 1029 in her budget. As it currently stands, beginning January 1, 2010, the law would still require incoming long-term care workers to meet new, legally required training and certification standards.
- Both the Senate and House funded the increased caseload in home and community programs that materialized after the Governor produced her budget. The increases were about 5,000 people and \$60 million General Fund-State (GFS) in long-term care and more than 1,000 people and about \$20 million GFS in the Division of Developmental Disabilities (DDD). This is about nine percent more than the 2008 budget in both programs. Because the increase was funded, new clients who are functionally and financially eligible for the Medicaid Personal Care and the COPES waiver will continue to have the option to choose community-based care.
- Similar to the Governor's budget, both the Senate and the House made new investments in community services for some individuals most in need of supports and at risk of institutionalization. In long-term care, both legislative budgets provided funding for community placements to divert about 60 individuals with dementia from the state psychiatric hospitals. In DDD, both budgets provided funding for additional home and community-based waivers for about 90 individuals at risk of institutionalization or who have community protection issues.
- The Senate and House made service and rate cuts across the board in home and community services. The Senate cuts were approximately three percent, the House made a four percent cut in personal care hours and five percent rate reductions in residential care.
- On the institutional side, the Senate made the same reductions in nursing home rates as the Governor and agreed with her decision to close Yakima Valley School and move its residents to safe, appropriate community settings. The Senate budget includes funds to prepare a report and plan to be submitted to the legislature by January 2010 in regards to closing Francis Haddon Morgan Center. The House made slightly higher reductions in nursing home rates and did not concur with the YVS or any other DDD closure.
- Both houses made changes to the in-home personal care program that would require homecare agencies to not assign workers to provide services for a relative or a person they reside with.
- The Senate eliminated Adult Day Health services for people who live in residential facilities. The House eliminated the Adult Day Health program completely.
- The House budget adds staff to DDD to transfer Employment and Day Services management from the counties to ADSA.
- The Senate takes a similar approach to the Governor's administrative reductions. The Senate budget makes cuts of 7% to LTC's administrative expenses and 40% to DDD's. The House goes further and applied savings targets that were much broader and includes staff costs for direct care

at RHC's and social work, eligibility and service authorization in the field. Direct care and field workers need to be preserved. Therefore, to achieve the House's target would require more than a 100% reduction in DDD's remaining administrative costs, which obviously cannot be done.

Finally, as mentioned in the first bulleted item above, the March caseload forecast for the next biennium showed an increase in both long-term care and the DDD clients and additional cost to serve them. As we dig a little deeper on who these clients are we are seeing a spike in the number of clients in the 50-64 year age range who are Medicaid-eligible and functionally qualify for and require home and community-based services. Although the largest long-term care population we continue to serve are individuals in the 75 plus age range it's clear the aging boomers are beginning to walk through our doors. We will also see an increase of aging caregivers of individuals with developmental disabilities.

In summary, I know it's hard to focus on the future when the state is in the middle of a fiscal crisis but whatever amount of funding we receive, it's paramount that we are strategic with our resources. ADSA will further research the age wave phenomenon and the impacts of aging caregivers of individuals with developmental disabilities. This is a "heads-up" that challenging times are ahead of us and we need to all work together to serve the growing numbers of senior citizens and individuals with physical and developmental disabilities.

Attachment: House and Senate 2009-11 Budget Proposals (compiled by ADSA)